

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS**

In Re:)
)
Paul Chad Bray)

AGREED ORDER

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BACKGROUND

1. The Office of Financial Institutions (Office) is the agency of Kentucky state government charged with administering the provisions of KRS Chapter 292, the Securities Act of Kentucky (Act). Pursuant to KRS 292.470(3), the executive director of the Office may issue a final order, after notice and opportunity for a hearing, directing any person found to have engaged in activity that constitutes a violation of this chapter to cease and desist from the activity or perform any other reasonable mandate.

2. On November 28, 2007, the Office of Financial Institutions (Office) filed a Complaint for Injunctive Relief (“civil action”) in Franklin Circuit Court of the Commonwealth of Kentucky against Young Oil Corporation (Young Oil) and other defendants including Paul Chad Bray (Bray), Civil Action No. 07-CI-1930.

3. The Complaint in the civil action alleges violations of the Act by the Defendants including the offer and sale of unregistered securities. Specifically, the Complaint alleges the Defendants offered and sold securities by means of general solicitation resulting in the loss of the claimed exemption from registration for the securities.

4. In the deposition of Bray taken in the civil action, Bray states that he “cold called” prospective investors and inquired of their interest in investing in securities offered by Young

Oil. If the person was interested, Bray caused information concerning Young Oil, which included a summary of the current securities being offered by Young Oil, to be sent to the person. At the time Bray contacted the prospective investor neither he nor Young Oil had a prior, substantive relationship with the person.

5. To avoid the time and expense of further litigating the civil action against Bray, the Office and Bray have agreed to settle the allegations against Bray by the execution of this Agreed Order.

6. Bray expressly waives his right to a hearing in this matter and his right to seek judicial review of this Agreed Order.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Paul Chad Bray neither admits nor denies the findings of fact and conclusions of law made by the executive director of the Office. The executive director finds that:

1. The manner in which Bray contacted prospective investors constitutes general solicitation and an offer to sell securities.

2. The securities were not registered with the Office of Financial Institutions.

3. In violation of KRS 292.340, Bray offered securities that were not registered under the Act nor were they exempt from registration or covered securities.

4. This Agreed Order represents an appropriate resolution of the civil action as it pertains to Bray and is necessary and in the public interest.

ORDER


The executive director ORDERS that:

1. Paul Chad Bray shall not offer or sell a security unless the offer and sale is in compliance with the Securities Act of Kentucky.

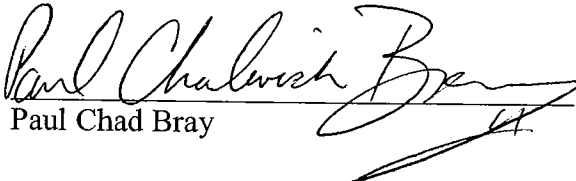
2. Paul Chad Bray shall pay a fine in the amount of one thousand dollars (\$1,000), which fine shall be suspended indefinitely unless Bray is found to have violated the Securities Act of Kentucky based upon facts other than those alleged in the civil action.

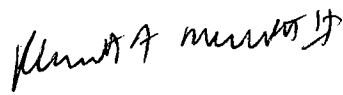
3. After execution of this Agreed Order by the executive director, the Office will file a motion to dismiss Paul Chad Bray from the civil action although Bray agrees he will testify, if called to do so, in any hearing that may take place in that action.

Executed this 25th day of February, 2008.


Cordell Lawrence, Executive Director
Office of Financial Institutions
Commonwealth of Kentucky

Have Seen and Agreed to:


Paul Chad Bray



Kenneth A. Meredith, II
Counsel for Paul Chad Bray